

05037524

UNITED STATES
AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden hours per response.....	12.00

CM
3/16
**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 51 346

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2004 AND ENDING DECEMBER 31, 2004
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: **LEEB BROKERAGE SERVICES, INC.**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

500 FIFTH AVENUE - 57TH FLOOR

(No. and Street)

NEW YORK

(City)

NY

(State)

10110

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

EUGENE S. MILLER(212) 634 0909

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SANFORD BECKER & CO., PC

(Name - if individual, state last, first, middle name)

1430 BROADWAY

(Address)

6TH FLOORNEW YORK

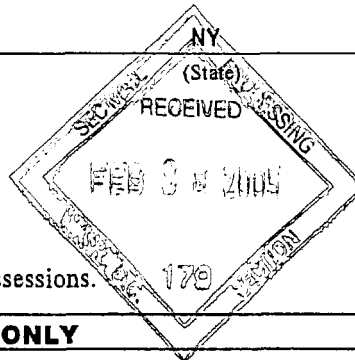
(City)

NY

(State)

10018

(Zip Code)

CHECK ONE:☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.**FOR OFFICIAL USE ONLY**

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

PROCESSED
MAR 17 2005
THOMSON
FINANCIAL

OATH OR AFFIRMATION

I, EUGENE S. MILLER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LEED BROKERAGE SERVICES, INC., as of DECEMBER 31, 2004, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Robert Gorgia
Notary Public
#01G06093077

My Comm Expires 05/27/07

Notary Public

Eugene Miller
Signature

CEO

Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition. CASH FLOWS
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Form
X-17A-5

FOCUS REPORT
(Financial and Operational Combined Uniform Single Report)
PART IIA ☐ 12

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a) ☒ 16

2) Rule 17a-5(b) ☐ 17

3) Rule 17a-11 ☐ 18

4) Special request by designated examining authority ☐ 19

5) Other ☐ 26

NAME OF BROKER-DEALER

LEEB BROKERAGE SERVICES, INC.

SEC FILE NO.

8-51346

FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

500 FIFTH AVENUE - 57TH FLOOR

(No. and Street)

NEW YORK

(City)

NY

(State)

10110

(Zip Code)

FOR PERIOD BEGINNING (MM/DD/YY)

01/01/04

AND ENDING (MM/DD/YY)

12/31/04

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code) — Telephone No.

EUGENE S. MILLER

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

(212) 634-0909

OFFICIAL USE

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS?

YES

☐ 40

NO

☒ 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

☒ 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the _____ day of _____ 20__

Manual signatures of:

- 1) _____
Principal Executive Officer or Managing Partner
- 2) _____
Principal Financial Officer or Partner
- 3) _____
Principal Operations Officer or Partner

ATTENTION — Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f(a))

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

LEEB BROKERAGE SERVICES, INC.

December 31, 2004

CONTENTS

	<u>PAGE</u>
Report of Independent Certified Public Accountants	1
Statement of Financial Condition	2 – 3
Statement of Income	4
Statement of Stockholders' Equity	5
Statement of Changes in Liabilities Subordinated To Claims of General Creditors	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 9
SUPPLEMENTARY SUPPORTING SCHEDULES:	
Computation of Net Capital and Aggregate Indebtedness	10 - 11
Exemption Provision Under Rule 15C3-3	12
Reconciliation of Computation of Net Capital Pursuant To Uniform Net Capital Rule 15C3-1 to Corporation's Corresponding Unaudited Form X-17a-5 Part IIA Filing December 31, 2004	13
Report on Internal Accounting Control	14 - 15

SANFORD BECKER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

RICHARD S. BECKER, C.P.A.
SANFORD E. BECKER, C.P.A.
GEORGE S. GETZ, C.P.A.

SANFORD BECKER, C.P.A. 1922-1994

1430 BROADWAY
NEW YORK, N.Y. 10018
TELEPHONE - (212) 921 - 9000
FACSIMILE - (212) 354 - 1822

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Leeb Brokerage Services, Inc.

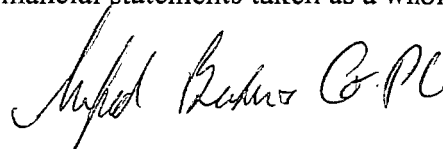
We have audited the accompanying statement of financial condition of Leeb Brokerage Services, Inc. as of December 31, 2004 and the related statements of income, cash flows, changes in stockholders' equity and changes in liabilities subordinated to claims of general creditors for the year then ended, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leeb Brokerage Services, Inc. as of December 31, 2004 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedules listed on the accompanying index is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, New York
February 17, 2005



FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

LEEB BROKERAGE SERVICES, INC.

N3

100

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

 as of (MM/DD/YY) **DECEMBER 31, 2004**

 SEC FILE NO. **8-51346**

Consolidated

Unconsolidated

☒

99

98

198

199

	Allowable	Non-Allowable	Total
1. Cash	\$ 60,716 200		\$ 60,716 750
2. Receivables from brokers or dealers:			
A. Clearance account	295		
B. Other	\$52,390 300	\$ 4,707 550	\$57,097 810
3. Receivable from non-customers	355	45,172 600	45,172 830
4. Securities and spot commodities owned at market value:			
A. Exempted securities	418		
B. Debt securities	419		
C. Options	420		
D. Other securities	96,164 424		
E. Spot commodities	430		96,164 850
5. Securities and/or other investments not readily marketable:			
A. At cost $\frac{1}{2}$ \$	130		
B. At estimated fair value	440	30,000 610	30,000 860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:	460	630	880
A. Exempted securities \$	150		
B. Other securities \$	160		
7. Secured demand notes:	470	640	890
Market value of collateral:			
A. Exempted securities \$	170		
B. Other securities \$	180		
8. Memberships in exchanges:			
A. Owned, at market \$	190		
B. Owned, at cost		650	
C. Contributed for use of the company, at market value		660	900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships	480	670	910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	490	680	920
11. Other assets	535	96,500 735	96,500 930
12. TOTAL ASSETS	\$ 1,009,270 540	\$ 176,379 740	\$ 1,185,649 940

OMIT PENNIES

SEE NOTES TO FINANCIAL STATEMENTS

PAGE 2

SEC 1696 (02-03) 3 of 16

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

LEEB BROKERAGE SERVICES, INC.

as of 12/31/04

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	\$ 1045	\$ 1255 ¹³	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	220,342 ¹⁰ 1115	1305	220,342 1540
15. Payable to non-customers	56,128 1155	1355	56,128 1610
16. Securities sold not yet purchased, at market value		53,145 1360	53,145 1620
17. Accounts payable, accrued liabilities, expenses and other	332,273 1205	1385	332,273 1685
18. Notes and mortgages payable:			
A. Unsecured	1210		1690
B. Secured	1211 ¹²	1390 ¹⁴	1700
19. E. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		400,000 1400	400,000 1710
1. from outsiders, \$ 970			
2. includes equity subordination (15c3-1(d)) of ... \$ 980			
B. Securities borrowings, at market value		1410	1720
from outsiders \$ 990			
C. Pursuant to secured demand note collateral agreements		1420	1730
1. from outsiders \$ 1000			
2. includes equity subordination (15c3-1(d)) of ... \$ 1010			
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
20. TOTAL LIABILITIES	\$ 608,743 1230	\$ 453,145 1450	\$ 1,061,888 1760
Ownership Equity			
21. Sole Proprietorship			1770
22. Partnership (limited partners)	11 (\$ 1020)		1780
23. Corporation:			
A. Preferred stock			1791
B. Common stock		125,000	1792
C. Additional paid-in capital			1793
D. Retained earnings		8,761	1794
E. Total		133,761	1795
F. Less capital stock in treasury		10,000 ¹⁶	1796
24. TOTAL OWNERSHIP EQUITY		\$ 123,761	1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 1,185,649	1810

OMIT PENNIES

SEE NOTES TO FINANCIAL STATEMENTS

PAGE 3

SEC 1696 (02-03) 5 of 16

LEEB BROKERAGE SERVICES, INC.
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2004

REVENUE

Commissions	\$ 4,542,768
Trading	75,298
Dividends & Interest	13,266
Other	1,595,705
	<hr/> 6,227,037

EXPENSES

Employee Compensation & Related Costs	4,013,640
Clearance Fees	595,299
Communication Expense	456,547
Occupancy and Equipment Expenses	288,722
Professional and Consultant Fees	264,645
Other Operating Expenses	417,247
	<hr/> 6,036,100

NET INCOME (Note 2)	\$ 190,937
---------------------	------------

LEEB BROKERAGE SERVICES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2004

	COMMON <u>STOCK</u>	RETAINED <u>EARNINGS</u>	CAPITAL STOCK <u>IN TREASURY</u>	<u>TOTALS</u>
<u>BALANCE</u> at January 1, 2004	125,000	(101,239)	(10,000.00)	13,761
Net Earnings (Loss)		190,937		190,937
Shareholder Distributions		(80,937)		(80,937)
<u>BALANCE</u> at December 31, 2004	125,000	8,761	(10,000)	123,761

LEEB BROKERAGE SERVICE, INC.
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO
CLAIMS OF GENERAL CREDITORS
YEAR ENDED DECEMBER 31, 2004

Subordinated Borrowings, January 1, 2004	\$ 500,000
Repayment of subordinated notes	<u>(100,000)</u>
Subordinated borrowings, December 31, 2004	<u><u>\$ 400,000</u></u>

LEEB BROKERAGE SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows form Operating Activities		
Net Income		\$ 190,937
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	73,116	
Decrease in Accounts Receivable	931	
Increase in Accounts Payable and Accrued Expenses Payable:	262,363	
Increase in Unrealized Gain	(80,938)	
Increase in Other Assets	(11,288)	
Total Adjustments		<u>244,184</u>
Net Cash Provided by Operating Activities		435,121
Cash Flows from Investing Activities:		
Purchase of Equipment	(65,960)	
Decrease in Securities Owned (Net)	48,195	
Investment in Non Marketable Securities Net	<u>11,000</u>	(6,765)
Cash Flows from Financing Activities:		
Decrease in Subordinated Borrowings		<u>(100,000)</u>
Net Increase in Cash and Cash Equivalents		328,356
Cash and Cash Equivalents at Beginning of Year		<u>584,750</u>
Cash and Cash Equivalents at End of Year		\$ 913,106
Supplemental Cash Flows Disclosures		
Income Tax Payments		21,774
Interest Payments		37,888

LEEB BROKERAGE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

1) Summary of significant accounting policies:

Leeb brokerage Services, Inc. (Company) is a registered general securities broker-dealer and is subject to regulation by the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers, Inc. (NASD).

The Company operates principally under a clearance agreement with another broker, whereby such broker assumes and maintains the Company's customer accounts. The Company is responsible for payment of certain customer accounts (unsecured debits) as defined in the agreement.

Accounting for commission income is on a settlement date basis. Revenues and expenses would not be materially different if reported on a trade date basis.

Securities owned are valued at market.

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principals requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

For the purpose of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Company maintains cash in commercial bank accounts which, at times, may exceed federally insured limits.

- 2) The corporation and shareholders have elected effective June 9, 1998 to be treated as a Subchapter S Corporation under applicable Federal and New York State Law. Accordingly no provision has been made for Federal Corporation Income Tax.

3) Liabilities Subordinated to Claims of General Creditors:

At December 31, 2004, the Company had an outstanding loan in the amount of \$400,000 under subordination agreement. The loan bears interest at 2.5% above the highest monthly prime rate, per annum and matures October 25, 2007 on \$400,000. The loan is subordinated to the claims of all general creditors and has been approved by the National Association of Securities Dealers, Inc. and is thus available in computing net capital

LEEB BROKERAGE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)

under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with the minimum net capital requirements, it may not be repaid. In addition, the Company must satisfy the debt-equity ratio requirement that the ratio not exceed 70% for a period in excess of 90 days. At December 31, 2004, the Company's debt-equity ratio was 28%.

4) Net Capital Requirements:

The corporation is subject to the uniform net capital rule (Rule 15C3-1) of the Securities and Exchange act of 1934, which requires that corporation to maintain a ratio of aggregate indebtedness to net capital as defined, not exceed 15 to 1. At December 31, 2004 Leeb Brokerage Services, Inc. net capital was \$328,591 whereas the required net capital was \$100,000. The ratio of aggregate indebtedness to net capital was 183% compared to a maximum amount allowance of 1500%.

The corporation solicits and services customer accounts, which are introduced on a fully disclosed basis to Pershing LLC. The corporation's principal sources of revenue are commissions earned on customer accounts. The corporation does not hold customers' cash and/or securities and is exempt from the provision of SEC Rule 15C3-3 under subparagraph K (2)(b).

- 5) The corporation is exempt under Rule 15C3-3 since all customer transactions are cleared through another broker dealer on a fully disclosed basis. We have ascertained that the conditions of this exemption were being complied with as of December 31, 2004 and that no facts came to our attention to indicate that the exemption had not been complied with during this period.
- 6) The company is obligated under an operating lease to Leeb Capital Management which is a related party to its 79% shareholder, Stephen Leeb.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

LEEB BROKERAGE SERVICES, INC

as of 12/31/04

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	123,761	3480
2. Deduct ownership equity not allowable for Net Capital	19	()	3490
3. Total ownership equity qualified for Net Capital		123,761	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		400,000	3520
B. Other (deductions) or allowable credits (List)			3525
5. Total capital and allowable subordinated liabilities	\$	523,761	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C)	17	\$ 176,379	3540
B. Secured demand note delinquency			3590
C. Commodity futures contracts and spot commodities -			
proprietary capital charges			3600
D. Other deductions and/or charges			3610
7. Other additions and/or allowable credits (List)		(176,379)	3620
8. Net capital before haircuts on securities positions	20	\$ 347,382	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments			3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Exempted securities	18		3735
2. Debt securities			3733
3. Options			3730
4. Other securities		18,791	3734
D. Undue Concentration			3650
E. Other (List)			3736
		(18,791)	3740
10. Net Capital	\$	328,591	3750

OMIT PENNIES

SEE NOTES TO FINANCIAL STATEMENTS

PAGE 10

SEC 1696 (02-03) 7 of 16

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

LEEB BROKERAGE SERVICES, INC

as of 12/31/04

COMPUTATION OF NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6% of line 19)	\$ 40,583	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 100,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 100,000	3760
14. Excess net capital (line 10 less 13)	\$ 228,591	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$ 608,743	3790
17. Add:		
A. Drafts for immediate credit	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 3820	
18. Total aggregate indebtedness	\$ 608,743	3840
19. Percentage of aggregate indebtedness to net capital (line 18 ÷ by line 10)	% 183%	3850
20. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

21. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$ NOT APPLICABLE	3970
22. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 3880	
23. Net capital requirement (greater of line 21 or 22)	\$ 3760	
24. Excess capital (line 10 less 23)	\$ 3910	
25. Net capital in excess of the greater of:		
A. 5% of combined aggregate debit items or \$120,000	\$ 3920	

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

SEE NOTES TO FINANCIAL STATEMENTS

PAGE 11

SEC 1696 (02-03) 9 of 16

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

LEEB BROKERAGE SERVICES, INC

as of 12/31/04

EXEMPTIVE PROVISION UNDER RULE 15c3-3

24. If an exemption from Rule 15c3-1 is claimed, identify below the section upon which such exemption is based (check one only)

- A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 4550
- B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained 4560
- C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis.
 Name of clearing firm³⁰ PERSHING LLC 4335 X 4570
- D. (k)(3) — Exempted by order of the Commission (include copy of letter) 4580

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual (See below for code)	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
31 4600	4601	4602	4603	4604	4605
32 4610	4611	4612	4613	4614	4615
33 4620	4621	4622	4623	4624	4625
34 4630	4631	4632	4633	4634	4635
35 4640	4641	4642	4643	4644	4645
			Total \$ ³⁶ 4699		

OMIT PENNIES

Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and anticipated accruals which would cause a reduction of Net Capital. These anticipated accruals would include amounts of bonuses, partners' drawing accounts, taxes, and interest on capital, voluntary contributions to pension or profit sharing plans, etc., which have not been deducted in the computation of Net Capital, but which you anticipate will be paid within the next six months.

WITHDRAWAL CODE:

- 1.
- 2.
- 3.

DESCRIPTIONS

Equity Capital
 Subordinated Liabilities
 Accruals

LEEB BROKERAGE SERVICES, INC.
RECONCILIATION OF COMPUTATION OF NET CAPITAL PURSUANT TO UNIFORM NET
CAPITAL RULE 15c3-1 TO CORPORATION'S CORRESPONDING UNAUDITED FORM X-17A-5
PART IIA
FILING DECEMBER 31, 2004

Net Capital per computation pursuant to Rule 17a-5	328,591
Adjustments:	
Audit adjustments - Accrued salaries and expenses depreciation, etc. including year end adjustments	321,151
	<hr/>
Net Capital per Corporation's unaudited Form X-17A-5 Part IIA filing	<u><u>649,742</u></u>

SANFORD BECKER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

RICHARD S. BECKER, C.P.A.
SANFORD E. BECKER, C.P.A.
GEORGE S. GETZ, C.P.A.

SANFORD BECKER, C.P.A. 1922-1994

1430 BROADWAY
NEW YORK, N.Y. 10018
TELEPHONE - (212) 921 - 9000
FACSIMILE - (212) 354 - 1622

REPORT ON INTERNAL CONTROL

Board of Directors
Leeb Brokerage Services, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Leeb Brokerage Services, Inc., for the year ended December 31, 2004, we considered its internal control including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by rule 17a-5 (g) (1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by Leeb Brokerage Services, Inc., including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5 (g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3 (a) (ii) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the company does not carry securities account for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve Systems.

The management of the Company is responsible for establishing and maintaining an internal control and practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above -mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition and that the transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional

objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in an internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicated a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

New York, New York,
February 17, 2005

